

**REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS
OF SAN BERNARDINO COUNTY, CALIFORNIA
AND RECORD OF ACTION**

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July 8, 2003

FROM: DAVID H. SLAUGHTER, Director
Real Estate Services Department

ROBERTA YORK, Director
Preschool Services Department

SUBJECT: LEASE AMENDMENT WITH JOSEPH J. D'AMBRA

RECOMMENDATION: Approve Amendment No. 3 to Lease Agreement No. 01-1154 with Joseph J. D'Ambra to extend the term through September 12, 2005 for 1,800 square feet of classroom and office space, 400 square feet of storage, and 20,000 square feet of playground in Phelan for Preschool Services Department (PSD) in the amount of \$34,704.

BACKGROUND INFORMATION: On September 13, 1996, the Director of the Real Estate Services Department (RES D) approved a three-year lease agreement with three two-year options to extend the term for 1,800 square feet of office and classroom space, 400 square feet of storage, and 20,000 square feet of playground for PSD at 4112 Nielson Road in Phelan. The original term was from September 13, 1996 to September 12, 1999. In the seven years since the lease was originally approved, two amendments were approved, which are summarized below:

<u>Amend. No.</u>	<u>Approval date</u>	<u>Action</u>
1	Sept. 13, 1999	<ul style="list-style-type: none">• Approved by Director of RESD.• Exercised the first of three two-year options extending the term to Sept. 12, 2001.
2	Nov. 6, 2001	<ul style="list-style-type: none">• Approved by Board.• Changed the Lease Agreement No. from S97-001 to 01-1154.• Exercised the second of three two-year options extending the term to Sept. 12, 2003.

PSD requested RESD exercise the remaining two-year option to extend the term. PSD is aware this is the last available option to extend the term. During this final two-year extension period, PSD will determine if there is a need to remain in Phelan. If it is determined the program should remain, PSD will prepare a Capital Improvement Program request for a new location. The terms of the lease are summarized as follows:

Lessor:	Joseph J. D'Ambra
Location:	4112 Nielsen Road, Phelan
Size:	1,800 square feet for classrooms and offices, 20,000 square feet of playground, and 400 square feet of storage
Term:	Two years

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Options:	None remaining			
Rent:		<u>Cost per sq. ft. per month</u>	<u>Monthly</u>	<u>Annual</u>
	(old)	\$0.73	\$1,316	\$15,792
	(new)	\$0.80*	\$1,446	\$17,352
	*Mid range for the Phelan area (based on 1,800 sq. ft.; there is no charge for the 400 sq. ft. of storage)			
Annual increases:	Based on the percentage change in the Consumer Price Index (CPI)			
Improvement Costs:	None			
Custodial:	Provided by County			
Insurance:	County no longer required to reimburse Lessor for insurance premiums			
Maintenance:	Provided by County			
Utilities:	Provided by County			
Right to Terminate:	County and Lessor have the right to terminate with 60 days notice			
Parking:	Sufficient for County needs			

REVIEW BY OTHERS: This item has been reviewed by County Counsel (Rex Hinesley, Chief Deputy County Counsel) on May 27, 2003; Human Services System (Kristin Letterman, Administrative Analyst) on June 27, 2003; and the County Administrative Office (Daniel R. Kopp, Administrative Analyst) on June 30, 2003.

FINANCIAL IMPACT: The total cost of this two-year lease is \$34,704. The cost for fiscal year 2003-04 will be \$17,092 (\$1,316 per month x two months and \$1,446 per month x ten months). Payments will be made from the Rents budget (AAA RNT) and reimbursed from the PSD budget (RSC HPS). Sufficient appropriation is available in both budgets. Approval of this item will not result in local cost. Annual lease costs are as follows:

<u>Year</u>	<u>Annual lease cost</u>	<u>Estimate of other costs associated with this lease</u>
Sept.13, 2003 – Sept.12, 2004	\$17,352	\$8,640
Sept.13, 2004 – Sept.12, 2005	\$17,352	\$8,899
(subject to increase based on change in CPI)		

COST REDUCTION REVIEW: The County Administrative Office has reviewed this agenda item, concurs with the department's and RESD's proposal and recommends this action based on the continuing need to provide preschool services in the Phelan area. This program is 93% federally funded and 7% state funded. Funding is available, ongoing in nature, and not in imminent jeopardy of being cut at the state or federal level. The lease can be terminated with 60 days notice. Consolidation of this space with other existing space has been explored and no feasible opportunity exists at this time.

SUPERVISORIAL DISTRICTS: First

PRESENTER: David H. Slaughter, Director, 7-7813

MR 7-7836 mf 7-7825